

C O N F I D E N T I A L SECTION 01 OF 03 ACCRA 002619

SIPDIS

STATE PASS USTR FOR LAURIE-ANN AGAMA
TREASURY FOR LUKAS KOHLER
USDOC FOR MARIA RIVERO
MCC FOR JONATHAN BLOOM

E.O. 12958: DECL: 12/27/2015

TAGS: **ECON EFIN PHUM PINR PREL PGOV GH**

SUBJECT: GHANA'S PRESIDENT REJECTS CORRUPTION ALLEGATIONS
AND DISMISSES CONCERNS OVER QUESTIONABLE PROCUREMENT
PRACTICES

REF: A. ACCRA 2517

1B. ACCRA 2427
1C. ACCRA 2425

Classified By: Ambassador Pamela E. Bridgewater for reasons 1.5 (d) and (e)

Summary

11. (C) President Kufuor rejected recent corruption allegations (reflets) and assured his support for press freedom during a December 21 meeting with Ambassador Bridgewater. Ambassador warned Kufuor of the perception that corruption is worsening in Ghana, and noted U.S. concerns with lack of transparency in government procurement. Kufuor argued the "perception" was incorrect, reiterated his personal "zero tolerance" for corruption, and disputed claims of mishandled tenders. He blamed the latest allegations on the disgruntled ex-NPP party Chairman and the opposition NDC. Post does not doubt the President's commitment to democracy, rule of law, and press freedom, but we are disappointed by his unwillingness to accept corruption as a problem and take steps to address it. End Summary.

Kufuor: Ghana Respects and Supports Press Freedom

12. (C) President Kufuor dismissed allegations of corruption in his administration (reflets) and insisted his government was as decent as any in or out of Africa. The meeting followed on the Ambassador's November 29 telephone conversation with the President regarding the safety of Raymond Archer, the Editor of local daily The Enquirer. As Post reported Ref A, Archer secretly recorded NPP party chairman Harona Esseku on tape discussing kickbacks from government contracts, and implicating the President and his top advisors. The Ambassador reiterated points delivered during the 11/29 telcon, noting concern for Archer's personal safety and emphasizing the importance of freedom of the press.

13. (C) Kufuor agreed with Ambassador's statement on the importance of freedom of the press, as well as for ensuring the safety of investigative journalists. He said his administration had supported press freedom since his election in 2000 -- including "repealing the criminal libel law that Rawlings governments used to lock people up" -- and would continue to do so. Kufuor cited the press reporting since the Ambassador's arrival in October as evidence of his government's support for freedom of speech and expression. Based on this period, he said the Ambassador would have to believe Kufuor was a "thief, fool, or doesn't know his left from right," and yet the government fully supported the right of papers such as Archer's Enquirer to publish such allegations.

14. (C) Kufuor stated he would never permit anyone in his government to harm Archer or any other journalist, but also noted that Archer had attracted a lot of hatred from private Ghanaians who supported the NPP administration. Ambassador urged him, nevertheless, to stay the course and ensure journalists -- and Archer -- are protected. Kufuor reassured her of his commitment to democracy, rule of law, freedom of the press, and respect for human rights.

15. (C) The Ambassador also responded to Secretary to the President D.K. Osei's accusation during the November 29 telephone conversation about "Mr. Scott" (Polchief Scott Ticknor) meeting with and passing money to Archer (Ref A). The Ambassador said Polchief considered Archer one of a number of regular contacts in the media, met with him as a normal part of his political duties, and had not paid him money. She noted the Embassy's only direct support to Archer was a Public Affairs Section IV grant to study investigative journalism in the U.S. (Note: Kufuor did not respond substantively to this explanation of Post's interaction with Archer. End Note)

16. (C) Ambassador argued that the President should be concerned by the perception of worsening government corruption. She said she had heard this from businesses (including AmCham companies), local think tanks, and other diplomatic missions, in addition to the press reports and recent public surveys (Refs B and C), and it was damaging Ghana's excellent local and international reputation. On the positive side, the Ambassador commended the President on the significant progress the GOG was making towards completing a Millennium Challenge Account compact.

17. (C) Ambassador also raised U.S. concerns with the procurement process. Recent tenders highlighted the notable lack of transparency in government procurement and compounded the perception of growing corruption. In particular she noted Hewlett Packard's failed bid for the national ID project, coming in second to French company Sagem. She asked if Kufuor planned to respond to her November 1 letter requesting clarification of the deal (Note: The letter questioned how Sagem could underbid the government's own \$60 million estimate by more than \$20 million; it also delineated how Sagem's bid did not meet the tender specifications. Compounding Post's concerns were reports that the President's son Chief Kufuor worked as a consultant for Sagem, and Chief of Staff Kwadwo Mpiani, who oversaw the process, had manipulated it in favor of Sagem. End Note)

18. (C) The Ambassador also noted the bad press Kufuor had received over the deal to build stadiums for the 2008 Africa Cup games in Accra, where the government disregarded the results of an international tender -- tentatively awarded to Austrian company VAMED, with links to U.S. and UK companies -- and signed a cheaper, sole-source deal with a Chinese company. The Ambassador recognized that the Commerce Department had not approved an advocacy petition from VAMED's U.S. affiliate, but stated that the press reports that the Chinese deal was corrupt added to Ghana's perception problem.

Kufuor: Corruption Reports Part of a Plot

19. (C) Kufuor acknowledged that corruption is common in Ghana, but pointed out that it is a problem that preceded his government. He said the "perception" of corruption was incorrect, and reasserted his personal "zero tolerance" for it, saying that when he knows of corruption he attacks it. He blamed the latest corruption scandal on the disgruntled ex-NPP party chairman, Harona Esseku, whom he called a "frustrated old man" who spread untrue stories of government kickbacks and corruption in The Castle after failing to get Kufuor's support for another term as party chairman.

10. (C) Kufuor also suggested the various allegations were part of a plot, involving the NDC and VAMED's supporters. He said Raymond Archer's Enquirer had published both the tapes of Esseku describing corruption within the ruling party NPP as well as the story of the stadium deal with the Chinese. He argued that The Enquirer had NDC financial support and also noted that Archer's landlord was the Austrian Consul, who had brought in and represented VAMED. Kufuor implied that these various interests -- NDC, VAMED, Enquirer -- were collaborating and urged the Ambassador to check the background of The Enquirer before believing Raymond Archer's allegations.

11. (C) Kufuor argued that he personally had rejected the result of the stadium tender, because VAMED's winning bid was for well over \$300 million. He argued that Ghana could not afford it, so he sent Education Minister Osafu Maafo to China to meet with contacts he had made during a previous visit. The Chinese bid was less than a third of VAMED's offer, which was proof that Kufuor had acted in the best interests of the Ghanaian public. (Note: while the Chinese offer is substantially lower, it also excludes many of the construction projects included in the original tender. So, the two bids are not directly comparable. End Note) Regarding the national ID tender award to Sagem, the President stated that the contract had been fairly awarded. However, he acknowledged that the Ambassador made a number of technical arguments in her letter, and had asked his staff to review them and prepare a response.

Comment

12. (C) While President Kufuor appeared sincere in his claims that recent corruption allegations are false and government procurements are appropriately handled, his refusal to admit any fault on the part of his government was disappointing. As reported reflets, there are numerous indications of worsening corruption, nepotism, and cronyism, and we would expect the President to react more proactively to address these issues, in order to protect Ghana's reputation as a good performer with an up-and-coming economy.

13. (C) That Kufuor saw nothing wrong with disregarding the result of the stadium tender -- which conformed to the

requirements of Ghana's Procurement Act -- is particularly worrisome. Whether or not the deal with the Chinese company was better for Ghana, it was non-transparent and outside of the established procurement process. This and the questionable decision on the National ID project do not bode well for U.S. companies interested in participating in government procurements. This is not the way to entice more foreign investment to Ghana.

14. (C) Kufuor came across as remarkably composed and calm, given that the U.S. Ambassador had clearly outlined for him the perception of growing corruption in his government. He appeared satisfied with his own version of events, although his accusation of an NDC/Enquirer/VAMED plot seemed half-hearted. Nevertheless, this meeting signaled to President Kufuor that the USG is informed and concerned about corruption (and the safety of journalists) in Ghana. End
Comment
BRIDGEWATER